

Message Text

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42

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ISO-00 AGR-20 AID-20

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01

PA-04 PRS-01 USIA-15 NSC-07 SS-20 STR-08 CEA-02 L-03

SWF-02 DRC-01 TAR-02 /216 W
----- 107175

R 022130Z OCT 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 6529

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY TEGUCIGALPA

AMCONSUL SAO PAULO

AMCONSUL RIO DE JUNEIRO

AMCONSUL LUANDA

C O N F I D E N T I A L SAN SALVADOR 3938

E.O. 11652 - GDS

TAGS: ETRD, EAGR, ES

SUBJECT: COFFEE - BRAZIL/COLOMBIA MACHINATIONS

REF: SAN SALVADOR 3877

1. DURING A LENGTHY DISCUSSION SEPT 30 WITH RENE MACHON,
ACTING MANAGER OF THE SALVADORAN COFFEE COMPANY (CSC) (PROTECT
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SOURCE), EMBOFF ASKED CONCERNING LOCALLY VOICED FEARS THAT THE

CSC IS SERIOUSLY FINANCIALLY EXPOSED EXTERNALLY DUE TO COFFEE PURCHASES IT ALLEGEDLY MADE AT US TERMINAL POINTS FOR OBJECTIVES OF PRICE MAINTENANCE. MACHON DENIED THAT THE CSC WAS EXPOSED BUT SAID ON CONFIDENCE THAT BRAZIL AND COLOMBIA HAD FINANCED PURCHASES OF 1.4 MILLION BAGS IN THE US OF WHICH 0.8 MILLION REMAIN. HE WOULD NOT SAY IN WHOSE NAME THE PURCHASES WERE MADE, THAT OF "OTROS SUAVES", THE CSC, ETC.

2. MACHON SAID SALES (NOT EXPORTS) FOR COFFEE YEAR 1973/74 THROUGH SEPT 27 WERE 2,346,000 BAGS (60 KILOS), WHICH INCLUDED ROUGHLY 900,000 BAGS OF 1972/73 AND 28,000 BAGS FROM 1971/72. SINCE THE SALES EMBARGO WAS LIFTED BY THE GOES ON SEPT 10 (SEE REFTTEL) 265,029 BAGS HAVE BEEN SOLD (105,035 TO THE US). THE CSC IS SELLING SOME, BUT ONLY FROM ITS EUROPEAN STOCKS.

3. MACHON CONFIRMED THAT THE ICO, BY ELECTING SALVADORAN DR. FALLA CACERES AS CHAIRMAN OF THE EXECUTIVE COMMITTEE (LONDON 12674), PROBABLY SAVED HIS LOCAL JOB WHICH WAS IN EXTREME JEOPARDY DUE TO THE FAILURE OF FALLA'S PRICE SPECULATIVE POLICY.

4. ADDITIONAL COMMENT IS CONTAINED IN A MEMORANDUM OF CONVERSATION AVAILABLE TO THE DEPARTMENT AND LONDON.
CAMPBELL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, PROCUREMENT, BOYCOTTS, SALES DATA, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANS03938
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740279-0247
From: SAN SALVADOR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741079/aaaacpr.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: SAN SALVADOR 3877
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2002 by martinml>; APPROVED <10 MAR 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COFFEE - BRAZIL/COLOMBIA MACHINATIONS
TAGS: ETRD, EAGR, ES, ICA, (MACHNO, RENE)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005